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MONTHLY REPORT ON FINANCIAL TRANSACTIONS

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AS AT SEPTEMBER 30, 2012

Highlights for September 2012

- Budgetary revenue in September amounts to $5.7 billion, up $52 million compared to last year. Own-source revenue amounts to $4.5 billion while federal transfers stand at $1.2 billion.
- Program spending amounts to $4.7 billion, up $113 million compared to last year.
- Debt service stands at $654 million, up $53 million compared to last year.
- A deficit of $1 437 million on consolidated budgetary transactions was posted for September 2012, compared with a surplus of $536 million for September 2011. This deficit reflects the exceptional loss $1 805 million resulting from the closure of the Gentilly-2 nuclear power plant.
- Taking the $67 million deposited in the Generations Fund into account and excluding the exceptional loss of $1 805 million resulting from the closure of the Gentilly-2 nuclear power plant, the monthly budgetary balance within the meaning of the *Balanced Budget Act* shows a surplus of $301 million for September 2012.

On the basis of the cumulative results as at September 30, 2012, the budget deficit, within the meaning of the *Balanced Budget Act*, amounts to $894 million. As announced in Budget 2013-2014 last November 20, the budget deficit objective is maintained at $1 500 million for fiscal year 2012-2013.

SUMMARY OF CONSOLIDATED BUDGETARY TRANSACTIONS
(millions of dollars) **(Unaudited data)**

	September		April to September		2013-2014 Budget	
	2011 [1]	2012	2011-2012 [1]	2012-2013	2012-2013	Forecast Growth %
BUDGETARY REVENUE						
Own-source revenue	4 393	4 496 [2]	24 900	25 104 [2]	53 192 [2]	5.8
Federal transfers	1 286	1 235	7 518	7 465	15 705	3.0
Total	**5 679**	**5 731**	**32 418**	**32 569**	**68 897**	**5.2**
BUDGETARY EXPENDITURE						
Program spending	- 4 631	- 4 744	- 29 414	- 30 113	- 62 642	1.9
Debt service	- 601	- 654	- 3 685	- 3 867	- 7 917	7.7
Total	**- 5 232**	**- 5 398**	**- 33 099**	**- 33 980**	**- 70 559**	**2.5**
CONSOLIDATED ENTITIES[3]						
Non-budget-funded bodies and special funds	45	- 7	465	601	462	—
Health and social services and education networks	- 14	- 25	- 36	- 84	- 100	—
Generations Fund	58	67	354	412	879	—
Total	**89**	**35**	**783**	**929**	**1 241**	—
Contingency reserve	—	—	—	—	**- 200**	—
Exceptional loss – closing of the Gentilly-2 generating station	—	- 1 805	—	- 1 805	- 1 805	—
SURPLUS (DEFICIT)	**536**	**- 1 437**	**102**	**- 2 287**	**- 2 426**	—
BALANCED BUDGET ACT						
Deposits of dedicated revenues in the Generations Fund	- 58	- 67	- 354	- 412	- 879	—
Exceptional loss – closing of the Gentilly-2 generating station[4]	—	1 805	—	1 805	1 805	—
BUDGETARY BALANCE WITHIN THE MEANING OF THE BALANCED BUDGET ACT	**478**	**301**	**- 252**	**- 894**	**- 1 500**	—

1 For comparison purposes, the data for 2011-2012 have been adjusted to reflect improvements to the estimation method of mandataries for personal income tax revenue and health services contributions.

2 Excluding the exceptional loss $1 805 million resulting from the closure of the Gentilly-2 nuclear power plant in 2012-2013.

3 The details of these transactions by type of entity are shown on page 5 of this report.

4 Since this is a one-time event independent of the management of the its day-to-day operations, the government announced, in Budget 2013-2014 last November 20, amendments to the *Balanced Budget Act* to exclude from the budgetary balance the exceptional loss of $1 805 million resulting from the closure of the Gentilly-2 nuclear power plant.

Cumulative results as at September 30, 2012

Budgetary balance

- For the period from April 2012 to September 2012, the budgetary balance, within the meaning of the *Balanced Budget Act*, shows a deficit of $894 million.
- For 2012-2013, the forecast budget deficit of $1.5 billion is maintained as stipulated in Budget 2013-2014. The following items will have a particular effect on the budgetary balance of the current year:
  - the additional cost of $407 million relating to payments of the solidarity tax credit during the first three months of 2012-2013, whereas no payment was made during the same period in 2011-2012, since this tax credit was only introduced on July 1, 2011. That contributes to increasing the deficit as at September 30;
  - the payment by the federal government, early in 2013, of $733 million corresponding to the first portion of the financial compensation arising from the harmonization of the Québec sales tax (QST) with the federal goods and services tax (GST). That will contribute to reducing the deficit at the beginning of 2013;
  - a contingency reserve of $200 million.

Budgetary revenue

- As at September 30, 2012, budgetary revenue amounts to $32.6 billion, $151 million more than as at September 30, 2011.
  - Own-source revenue stands at $25.1 billion, $204 million more than at the same date last year.
  - Federal transfers amount to $7.5 billion, down $53 million compared to September 30, 2011.

Budgetary expenditure

- Since the beginning of the fiscal year, budgetary expenditure amounts to $34.0 billion, an increase of $881 million, or 2.7%, compared to last year.
  - For the first six months of the fiscal year, program spending rose by $699 million, or 2.4%, and stands at $30.1 billion. The program spending growth forecast for 2012-2013 in the budget last November 20 is 1.9%.
    - The most significant changes are in the Health and Social Services ($623 million) and the Education and Culture ($126 million) missions.
  - Debt service amounts to $3.9 billion, up $182 million or 4.9% compared to last year.

Consolidated entities

- As at September 30, 2012, the results of consolidated entities show a surplus of $929 million. These results include:
  - a surplus of $601 million for non-budget-funded bodies and special funds;
  - an $84-million deficit for the health and social services and the education networks;
  - revenue dedicated to the Generations Fund of $412 million.

Net financial requirements

- As at September 30, 2012, consolidated net financial requirements stand at $3.1 billion, a decrease of $1.8 billion compared to last year. Financial requirements reflect the current budget deficit as well as the variation, from one year to the next, in receipts and disbursements made in the course of the government's operations.

CONSOLIDATED BUDGETARY AND FINANCIAL TRANSACTIONS
(millions of dollars) **(Unaudited data)**

	September			April to September		
	2011 [1]	2012	Change	2011-2012 [1]	2012-2013	Change
BUDGETARY REVENUE						
Own-source revenue	4 393	4 496 [2]	103	24 900	25 104 [2]	204
Federal transfers	1 286	1 235	- 51	7 518	7 465	- 53
Total	**5 679**	**5 731**	**52**	**32 418**	**32 569**	**151**
BUDGETARY EXPENDITURE						
Program spending	- 4 631	- 4 744	- 113	- 29 414	- 30 113	- 699
Debt service	- 601	- 654	- 53	- 3 685	- 3 867	- 182
Total	**- 5 232**	**- 5 398**	**- 166**	**- 33 099**	**- 33 980**	**- 881**
CONSOLIDATED ENTITIES[3]						
Non-budget-funded bodies and special funds	45	- 7	- 52	465	601	136
Health and social services and education networks	- 14	- 25	- 11	- 36	- 84	- 48
Generations Fund	58	67	9	354	412	58
Total	**89**	**35**	**- 54**	**783**	**929**	**146**
Exceptional loss – Closing of Gentilly-2 nuclear generating station	—	- 1 805	- 1 805	—	- 1 805	- 1 805
SURPLUS (DEFICIT)	**536**	**- 1 437**	**- 1 973**	**102**	**- 2 287**	**- 2 389**
Consolidated non-budgetary requirements	- 547	2 186	2 733	- 5 010	- 787	4 223
CONSOLIDATED NET FINANCIAL REQUIREMENTS	**- 11**	**749**	**760**	**- 4 908**	**- 3 074**	**1 834**

1 For comparison purposes, the data for 2011-2012 have been adjusted to reflect improvements to the estimation method of mandataries for personal income tax revenue and health services contributions.

2 Excluding the exceptional loss $1 805 million resulting from the closure of the Gentilly-2 nuclear power plant in 2012-2013.

3 The details of these transactions by type of entity are shown on page 5 of this report.

MONTHLY REPORT ON FINANCIAL TRANSACTIONS

GENERAL FUND REVENUE

(millions of dollars) **(Unaudited data)**

	September			April to September		
Revenue by source	**2011** [1]	**2012**	**Change %**	**2011-2012** [1]	**2012-2013**	**Change %**
Own-source revenue excluding government enterprises						
Income and property taxes						
Personal income tax	2 043	2 020	- 1.1	9 673	9 469	- 2.1
Contributions to Health Services Fund	561	541	- 3.6	3 067	3 189	4.0
Corporate taxes	212	184	- 13.2	1 755	1 539	- 12.3
Consumption taxes	1 129	1 386	22.8	7 333	8 042	9.7
Others sources	167	118	- 29.3	1 011	925	- 8.5
Total own-source revenue excluding government enterprises	**4 112**	**4 249**	**3.3**	**22 839**	**23 164**	**1.4**
Revenue from government enterprises	**281**	**247** [2]	**- 12.1**	**2 061**	**1 940** [2]	**- 5.9**
Total own-source revenue	**4 393**	**4 496**	**2.3**	**24 900**	**25 104**	**0.8**
Federal transfers						
Equalization	651	616	- 5.4	3 907	3 696	- 5.4
Protection payment	30	30	—	184	181	- 1.6
Health transfers	378	393	4.0	2 265	2 402	6.0
Transfers for post-secondary education and other social programs	123	121	- 1.6	737	752	2.0
Other programs	104	75	- 27.9	425	434	2.1
Total federal transfers	**1 286**	**1 235**	**- 4.0**	**7 518**	**7 465**	**- 0.7**
BUDGETARY REVENUE	**5 679**	**5 731**	**0.9**	**32 418**	**32 569**	**0.5**

1 For comparison purposes, the data for 2011-2012 have been adjusted to reflect improvements to the estimation method of mandataries for personal income tax revenue and health services contributions.

2 Excluding the exceptional loss $1 805 million resulting from the closure of the Gentilly-2 nuclear power plant in 2012-2013.

GENERAL FUND EXPENDITURE

(millions of dollars) **(Unaudited data)**

	September			April to September		
Expenditures by mission	**2011**	**2012**	**Change %**	**2011-2012**	**2012-2013**	**Change %**
Program spending						
Health and Social Services	2 016	2 210	9.6	14 180	14 803	4.4
Education and Culture	1 398	1 408	0.7	7 544	7 670	1.7
Economy and Environment	408	269	- 34.1	2 719	2 597	- 4.5
Support for Individuals and Families	524	541	3.2	3 031	3 062	1.0
Administration and Justice	285	316	10.9	1 940	1 981	2.1
Total program spending	**4 631**	**4 744**	**2.4**	**29 414**	**30 113**	**2.4**
Debt service	**601**	**654**	**8.8**	**3 685**	**3 867**	**4.9**
BUDGETARY EXPENDITURE	**5 232**	**5 398**	**3.2**	**33 099**	**33 980**	**2.7**

DETAILED INFORMATION ON THE TRANSACTIONS OF CONSOLIDATED ENTITIES

(millions of dollars) (Unaudited data)

	September 2012								
	Special funds	Generations Fund	Specified purpose accounts	Transfers (expenditures) related to the tax system	Non-budget-funded bodies	Health and education networks[1]	Total	Consolidation adjustments[2]	Total
REVENUE	**714**	**67**	**25**	**334**	**1 606**	**—**	**2 746**	**- 1 555**	**1 191**
EXPENDITURE									
Expenditure	- 474	—	- 25	- 334	- 1 606	- 25	- 2 464	1 466	- 998
Debt service	- 143	—	—	—	- 104	—	- 247	89	- 158
TOTAL	**- 617**	**—**	**- 25**	**- 334**	**- 1 710**	**- 25**	**- 2 711**	**1 555**	**- 1 156**
RESULTS	**97**	**67**	**—**	**—**	**- 104**	**- 25**	**35**	**—**	**35**

	April to September 2012								
	Special funds	Generations Fund	Specified purpose accounts	Transfers (expenditures) related to the tax system	Non-budget-funded bodies	Health and education networks[1]	Total	Consolidation adjustments[2]	Total
REVENUE	**4 651**	**412**	**445**	**2 565**	**10 998**	**—**	**19 071**	**- 10 700**	**8 371**
EXPENDITURE									
Expenditure	- 3 178	—	- 445	- 2 565	- 10 320	- 84	- 16 592	10 203	- 6 389
Debt service	- 907	—	—	—	- 643	—	- 1 550	497	- 1 053
TOTAL	**- 4 085**	**—**	**- 445**	**- 2 565**	**- 10 963**	**- 84**	**- 18 142**	**10 700**	**- 7 442**
RESULTS	**566**	**412**	**—**	**—**	**35**	**- 84**	**929**	**—**	**929**

1 The results of the networks are presented according to the modified equity accounting method.

2 Consolidation adjustments include the elimination of program spending of the general fund.

For more information, contact the Direction des communications at 418 528-9323.

The report is also available on the Ministère des Finances et de l'Économie website: www.finances.gouv.qc.ca.